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It is important to realize that the current crisis is a result of a capital and credit crisis, not a consumer spending one. In order to tackle the crisis head on, I joined my colleagues in the RSC to introduce the Economic Growth Act of 2008.

The Economic Growth Act of 2008 is designed to provide growth-oriented, permanent incentives for economic activity across the board. This package will result in sustained growth with long-term implications. This will ensure that Washington takes a back seat to Main Street and job creators are empowered to do what they do best—create jobs.

This legislation contains four main provisions:

- **Full, Immediate Expensing.** The bill would allow all businesses to immediately expense—or fully deduct on their tax returns—the costs of assets (including buildings) they purchase for their business in the year that they buy such assets (“Section 179” expensing).

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Under current law, businesses can only take limited deductions in pieces, over several years. By uncapping and accelerating the expensing, this provision would encourage the purchase of assets with which to grow a business.

- **Significant Reduction in the Top Corporate Tax Rate.** The bill would immediately cut the top corporate income tax rate from 35% to 25%, aligning it with the average rate in the European Union. By allowing businesses to keep more of the money they earn, this provision would encourage the expansion of businesses, the hiring of more workers, and an acceleration of investment, while making American companies more competitive internationally.

- **End the Capital Gains Tax on Inflation.** The bill would index for inflation the cost basis used when calculating the capital gains tax on assets acquired before the end of 2008. Under current law, the capital gains tax is based on the difference in the original purchase price of the asset and the sale price of the asset. However, some of this difference, or “gain,” can be attributed to inflation. By effectively reducing the amount of a gain that is taxable, this provision would encourage the movement of capital in 2008 and spur voluminous economic investment.

- **Simplify the Capital Gains Rate Structure.** The bill would allow corporations to benefit from the 15% capital gains rate. Under current law, individuals pay a top capital gains rate of 15%, but corporations are subject to a 35% top rate. By encouraging corporations to sell unwanted assets, this provision would unleash funds and materials with which to create jobs and grow the economy.